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Xantrex and Trace Merge to Become the World's Leading Power Electronics Company

SEATTLE, Washington and VANCOUVER, British Columbia - Trace Holdings, LLC of Arlington, Washington and Xantrex Technology Inc. of Burnaby, British Columbia today announced the completion of their merger effected through an exchange of privately held shares. With combined annual sales in 1999 of $105 million (CDN$154 million), the merged company, to be known as Xantrex Technology Inc., becomes the world's leading supplier of power electronics and controls technology for commercial, residential, recreational, as well as distributed and renewable energy markets. Power electronics are used to supply, control and distribute electrical power to electronic equipment.

"The respective strengths in people, technology, manufacturing and markets make Xantrex and Trace an excellent fit," said Mossadiq S. Umedaly, Xantrex's Chairman and Chief Executive Officer. "We expect significant operating and financial synergies that will benefit our customers as well as further our growth plans. The combined company will have the resources to serve existing markets and to develop new ones, providing industry-leading products for a growing number of applications. Combined, we are the one-stop shop for state-of-the-art power electronics, from 50 watts to over one megawatt, on a worldwide basis."

In addition to existing markets that are growing rapidly, the power electronics industry is experiencing unprecedented growth opportunities in new markets. As the world leader in power electronics, Xantrex's growth strategy is to capitalize on these key growth drivers:

- The proliferation of electronic devices, including computers, communication equipment, and lifestyle products on which society has become increasingly dependent, require high quality, uninterrupted electricity in the office, home, and when we are on the move. Power electronics enable reliability and portability of devices in all these settings.

- Power interruptions and declining quality of electricity from the grid, occurring globally, have become intolerable with the pervasive use of electronic devices in our lives. The need for secure, reliable power, as well as public policies favoring deregulation and competition among electric utilities, are stimulating demand for distributed power generators with associated power electronics systems.

- Technological advances are transforming solar photovoltaics, windpower, microturbines, fuel cells, and energy storage devices into clean, reliable and practical distributed electricity generators. All of these electricity sources require power electronics and control systems to make usable power. Xantrex's advances in power electronics are resulting in smaller, lighter, higher performance systems making its products a key enabling technology for portable, distributed and backup power systems.

"The logic for this combination of two industry leaders is compelling," said Lawrence D. Gilson, Chairman of GFI Energy Ventures a lead Trace investor. "Since our principal markets are global and require increasingly demanding power solutions, the enhanced scope of our combined company will be beneficial in customer sales and service, product development, and engineering."

Subsequent to the merger, Xantrex's shareholders reflect its international scope Oaktree Capital Management and GFI Energy Ventures from California; RIT Capital Partners (Rothschild) from the UK; Ontario Municipal Employees Retirement System (OMERS), NB Capital Partners (an affiliate of National Bank of Canada), and Royal Bank Ventures from Ontario; GrowthWorks Capital, Business Development Bank of Canada, and HSBC Capital from British Columbia; Chroma ATE from Taiwan; BHF Bank AG of Germany, as well as management and employees.

Trace Holdings, through its two operating divisions, Trace Engineering (Arlington, WA) and Trace Technologies (Livermore, CA), is the world's leading developer and manufacturer of power electronics, controls and system packages for residential, commercial and utility scale markets for solar photovoltaic, wind, fuel cell, microturbine, and backup power applications in both grid-connected and stand-alone systems. The power range of Trace products is from one kilowatt to one megawatt.

Xantrex's power electronics products for commercial, recreational and consumer markets range from programmable AC/DC power converters for development and production testing of electronic equipment to DC/AC inverters which provide auxiliary power systems for heavy duty trucks, cars, fleet and utility vehicles, boats, recreational vehicles, as well as portable units for outdoor and emergency use. The power range of its products is from 50 watts to six kilowatts.

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